

# Financial Presentation

## Third Quarter 2015

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Mike Nicholson, CFO  
4 November 2015



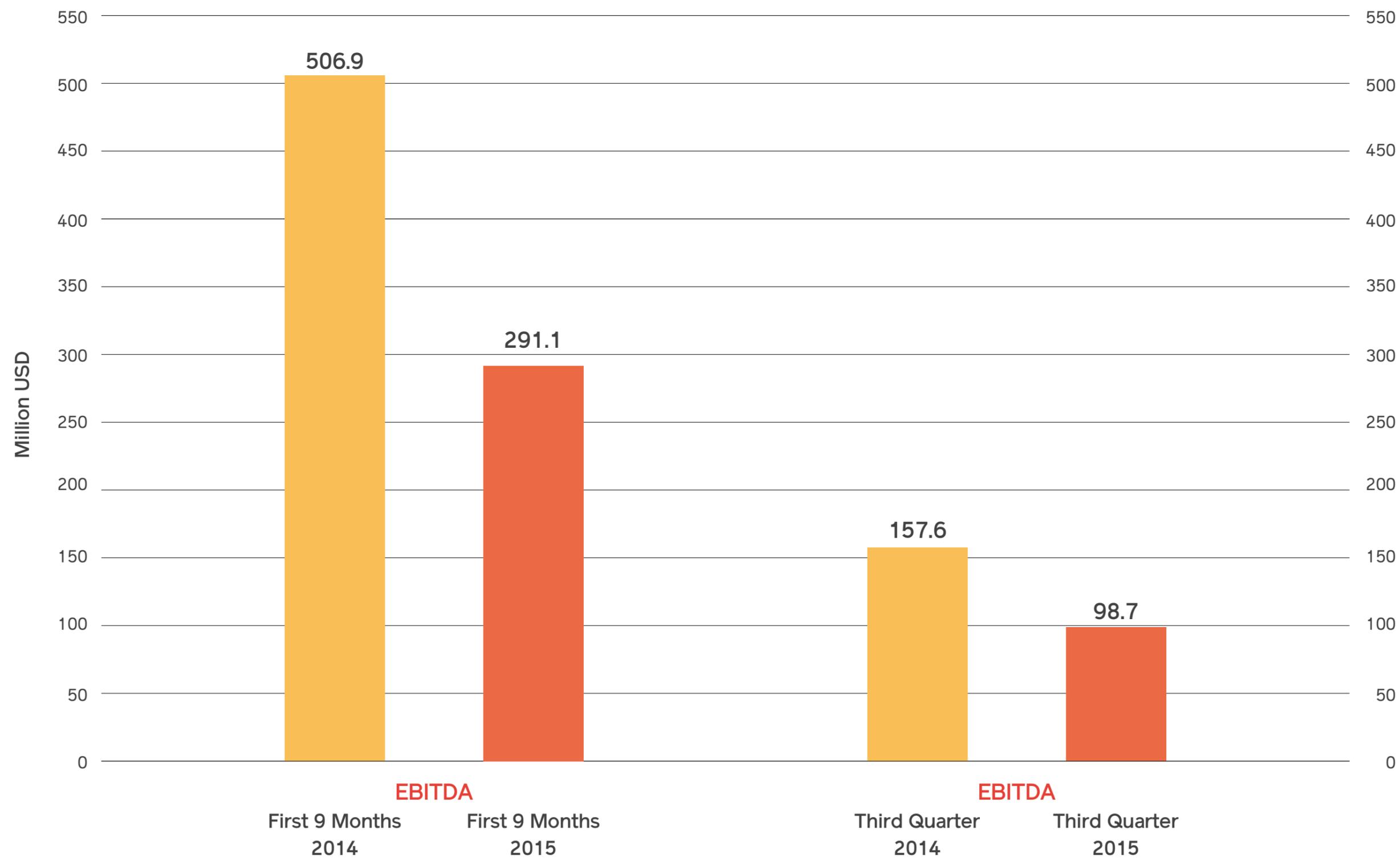
# First Nine Months 2015

## Financial Highlights

	Third Quarter 2015	First 9 Months 2015
Production (boepd)	36,000	30,300
Average Brent oil price (USD/boe)	50.47	55.31
Cost of operations (USD/boe)	9.80	10.68
EBITDA (MUSD)	98.7	291.1
Operating cash flow (MUSD)	177.0	524.3
Net result (MUSD)	-201.6	-372.6

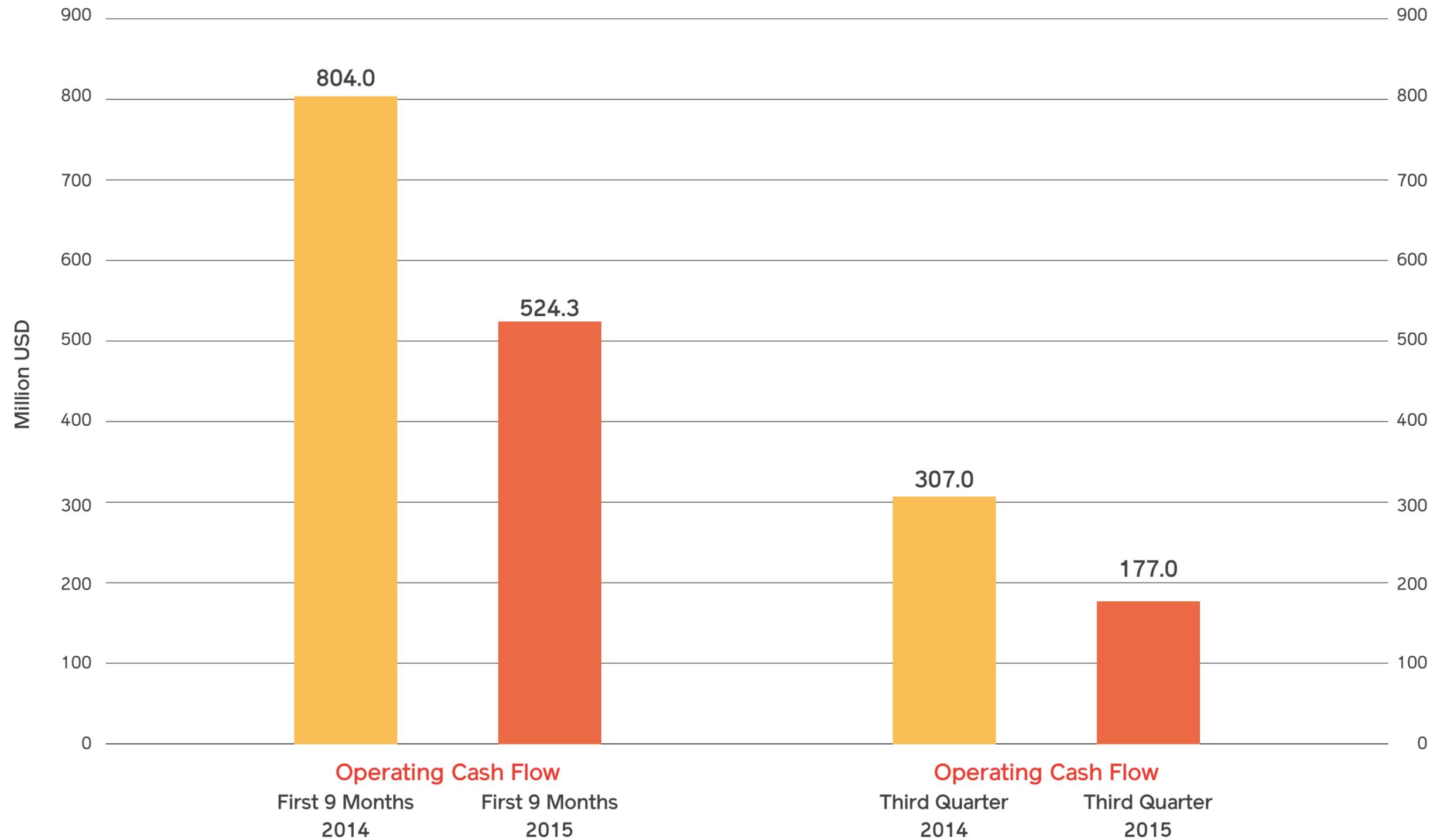
# First 9 Months 2015

## Financial Results - EBITDA



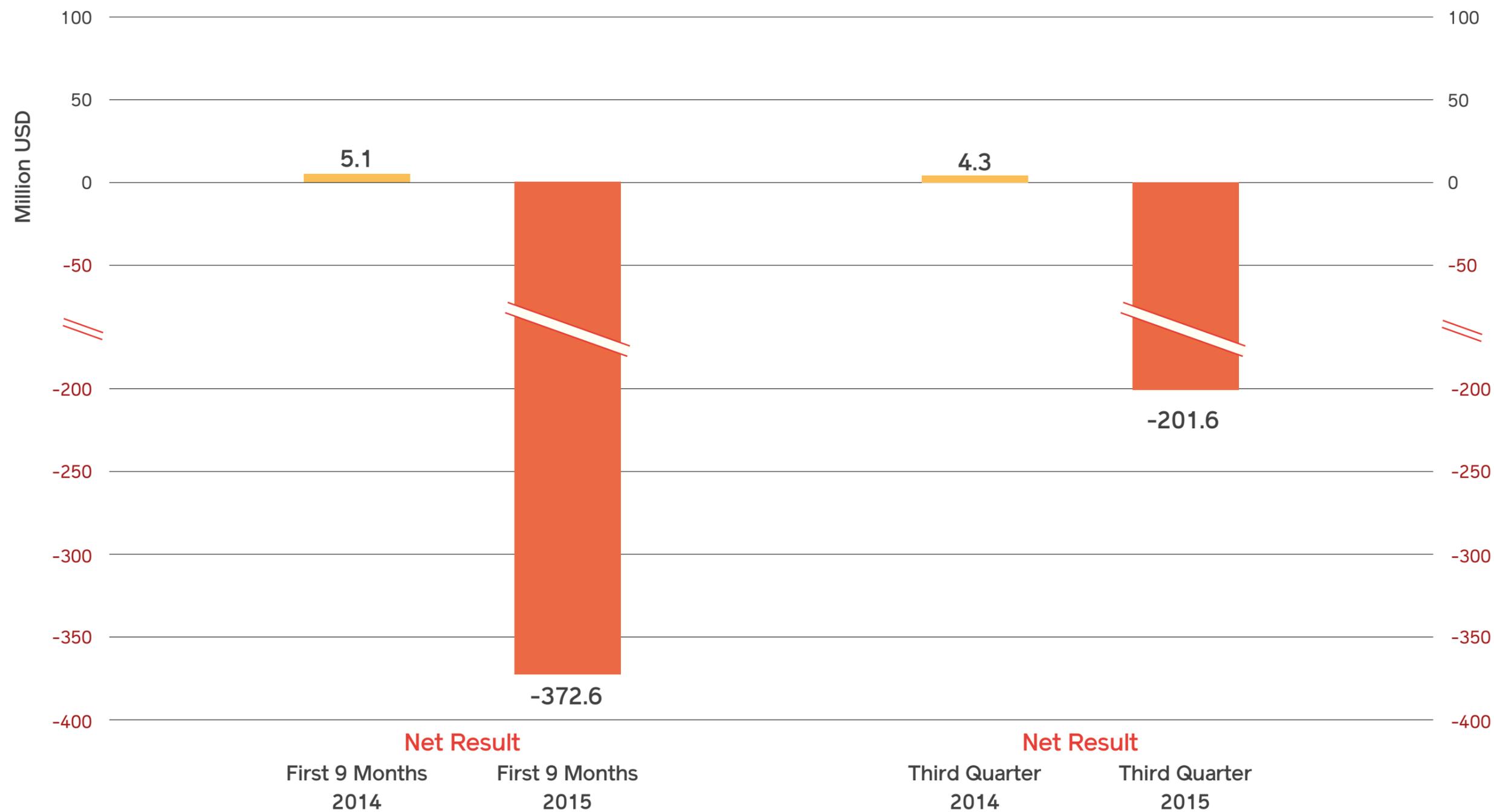
# First Nine Months 2015

## Financial Results - Operating Cash Flow



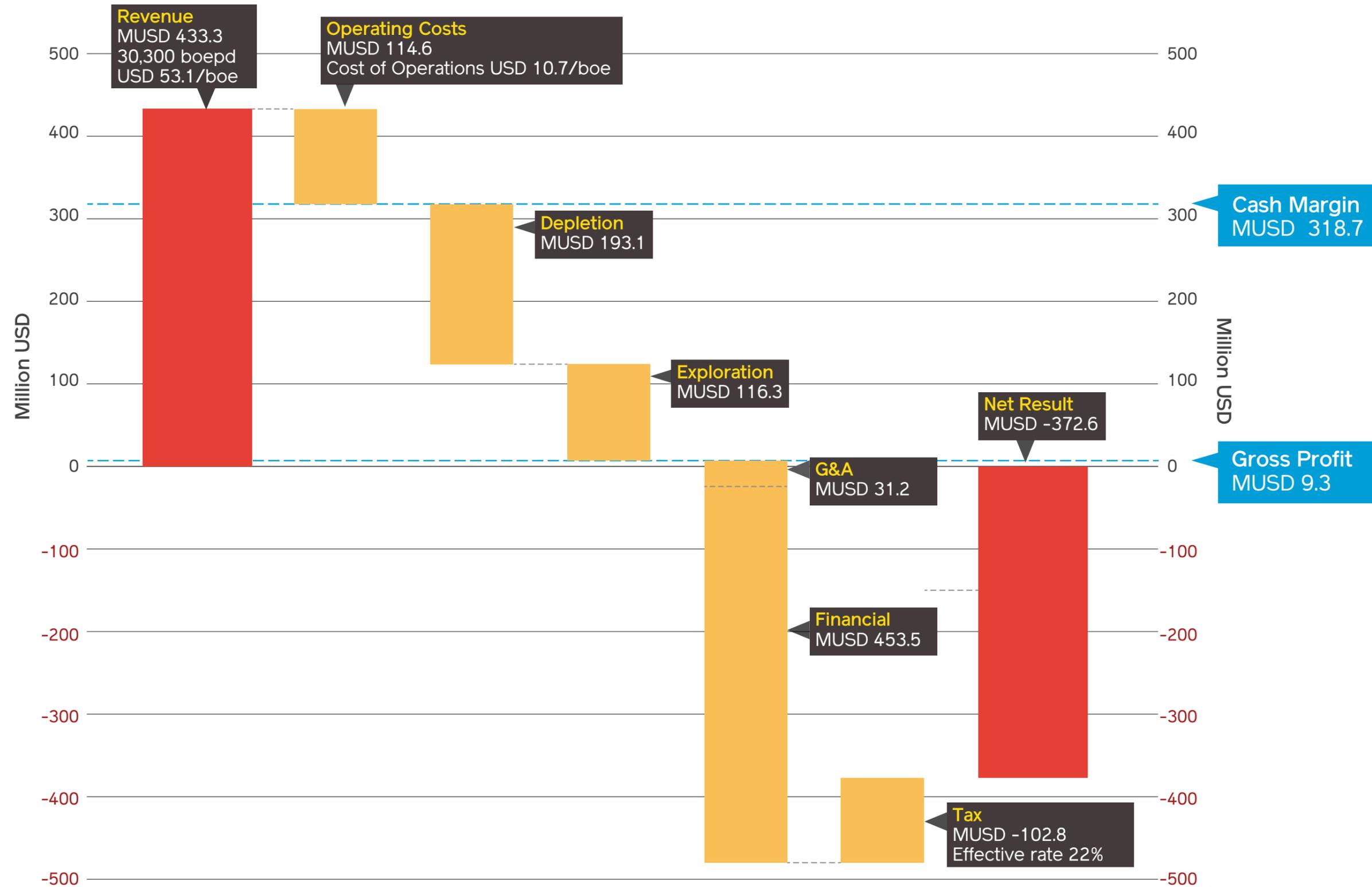
# First 9 Months 2015

## Financial Results - Net Result



# First Nine Months 2015

## Financial Results



# First Nine Months 2015

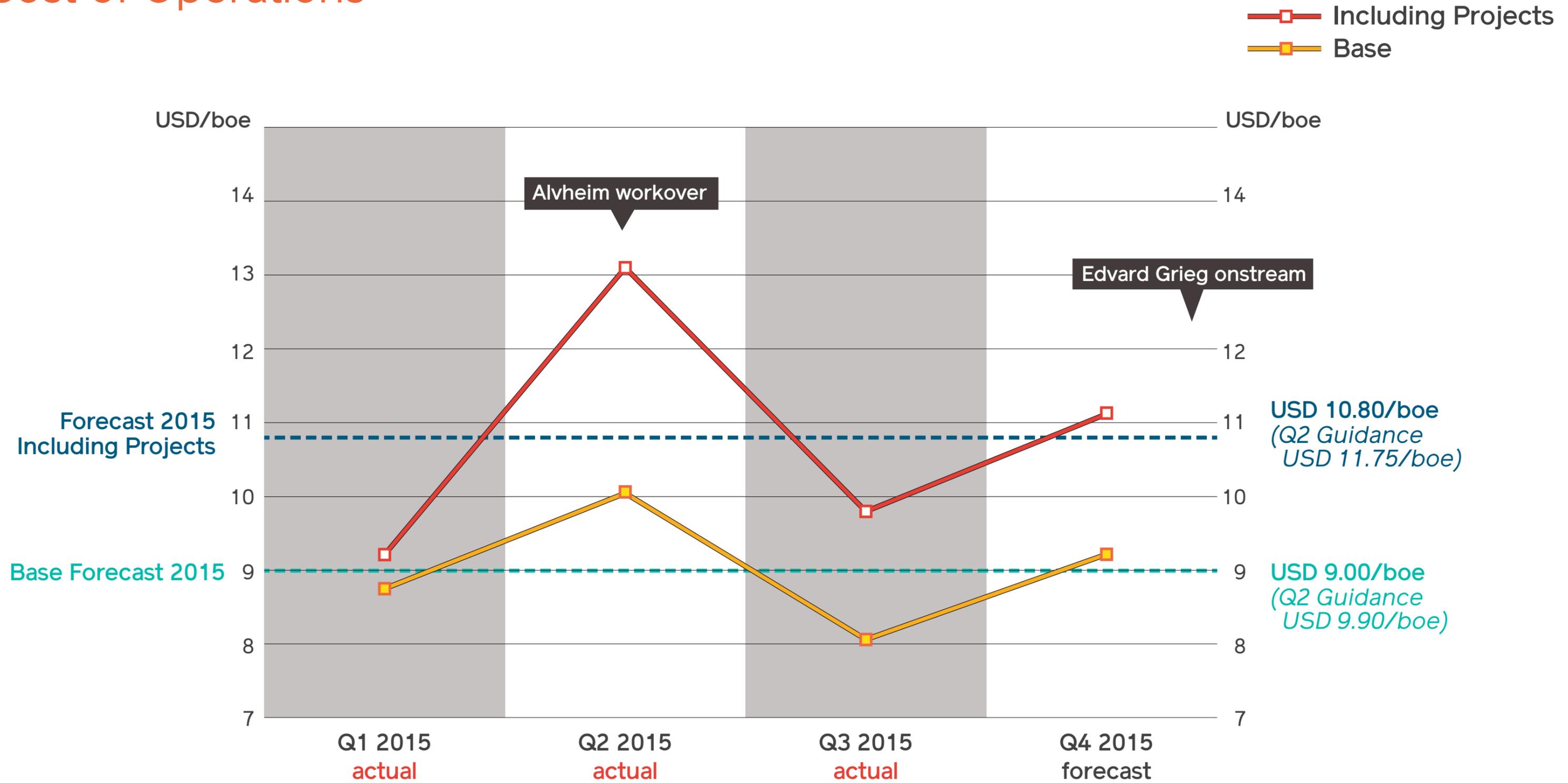
## Netback (USD/boe)

	Third Quarter 2015	First 9 Months 2015
<i>Average Brent oil price USD/boe</i>	50.47	55.31
<b>Revenue</b>	46.6	52.4
Cost of operations	-8.1	-8.9
- Base		
- Projects	-1.7	-1.8
Tariff & transportation	-0.7	-1.0
Production taxes	-0.3	-0.3
Inventory movements	0.1	0.7
Other	-4.4	-2.6
<b>Cash Margin</b>	<b>31.5</b>	<b>38.5</b>
<b>Cash taxes</b>	<b>21.9</b>	<b>24.9</b>
<b>Operating Cash Flow</b>	<b>53.4</b>	<b>63.4</b>
General and administration costs <sup>(1)</sup>	-1.7	-3.3
<b>EBITDA</b>	<b>29.8</b>	<b>35.2</b>

<sup>(1)</sup> Adjusted for depreciation

# Forecast 2015

## Cost of Operations



# First Nine Months 2015

## Exploration Costs

	First 9 Months 2015 MUSD	First 9 Months 2015 after Tax MUSD
<b>Norway</b> (PL338C Gemini, PL674BS Zulu, PL579 Morkel and PL734 Zeppelin)	115.3	25.4
<b>Others</b>	1.0	0.6
<b>Exploration Costs</b>	116.3	26.0

# First Nine Months 2015

## G & A / Financial Items

	Third Quarter 2015 MUSD	First 9 Months 2015 MUSD
<b>General &amp; Administration Expenses</b>		
General & administration	5.9	25.3
Long Term Incentive Plan	0.9	5.9
	<b>6.8</b>	<b>31.2</b>
<b>Net Financial Items</b>		
Foreign exchange loss <sup>(1)</sup>	201.4	378.1
Interest expense <sup>(2)</sup>	19.2	47.0
Loan commitment fees	1.5	6.7
Amortisation of loan fees	3.2	9.3
Other	4.5	12.4
	<b>229.8</b>	<b>453.5</b>

<sup>(1)</sup> First 9 months 2015 includes MUSD 108.5 loss on settled currency hedges

<sup>(2)</sup> An additional amount of interest expense of MUSD 31.4 has been capitalised in the first 9 months of 2015

# First Nine Months 2015

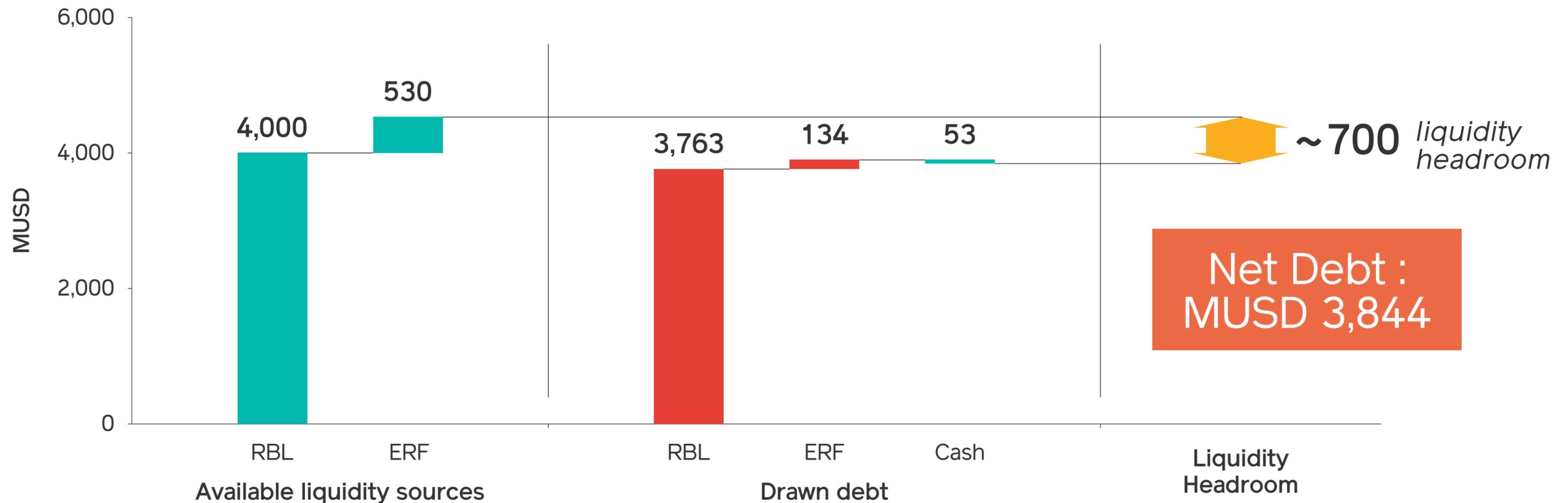
## Tax

	Third Quarter 2015	First 9 Months 2015
	USD/boe	USD/boe
Current tax credit	-21.9	-24.9
Deferred tax charge	13.9	12.4
	-8.0	-12.5

# First Nine Months 2015

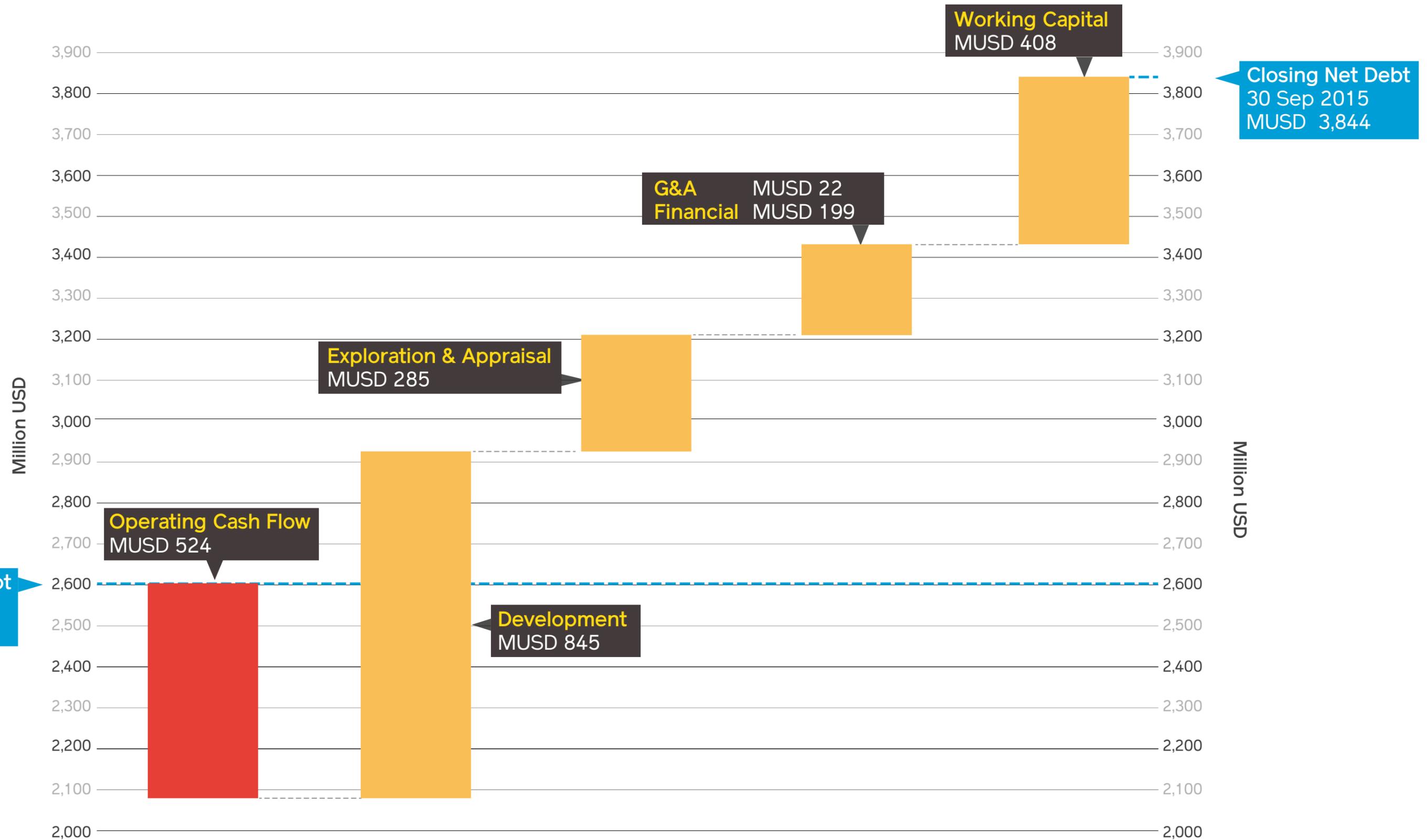
## Liquidity MUSD

- Full access to USD 4 billion under low oil price sensitivity
- Conservative leverage on Johan Sverdrup
- Available liquidity of ~ USD 700 million under existing facilities



# First Nine Months 2015

## Debt Position



# Hedges

## as at 30 September 2015

	Currency		Average rate NOK : USD
	BUY MNOK	SELL MUSD	
2015 unsettled	632.4	99.1	6.38
1H 2016	1,251.8	182.5	6.86
2H 2016	2,058.4	243.9	8.44
2017	1,839.2	217.3	8.46
2018	1,928.0	228.0	8.46
2019	1,672.4	200.4	8.35
	9,382.2	1,171.2	8.01

<sup>(1)</sup> New hedges entered into in Sep 2015

	Interest rate	
	Borrowings MUSD	Floating LIBOR rate per annum
Apr 2013 - Mar 2016	500	0.57%
2015	1,500	0.52%
Q1 2016	1,500	1.50%
Q2-Q4 2016	2,000	1.50%
2017	1,500	2.32%
2018	1,000	3.06%

# First Nine Months 2015

## Highlights

### Production Performance

- First nine months 2015: 30,300 boepd – 24% increase on first nine months 2014
- Third quarter 2015: 36,000 boepd – 68% increase on Q3 2014
- Full year 2015 guidance retained at 32,000 boepd
- 2015 exit rate of 75,000 boepd with 3 Edvard Grieg producers assumed onstream

### Developments

- Edvard Grieg: Offshore commissioning and hook-up 80% complete; on schedule to achieve first oil in Q4 2015
- Johan Sverdrup: Phase 1 PDO approved in August 2015. All major contracts awarded – capex reduction achieved. Booked certified 2P reserves of 515 MMboe.

### Appraisal

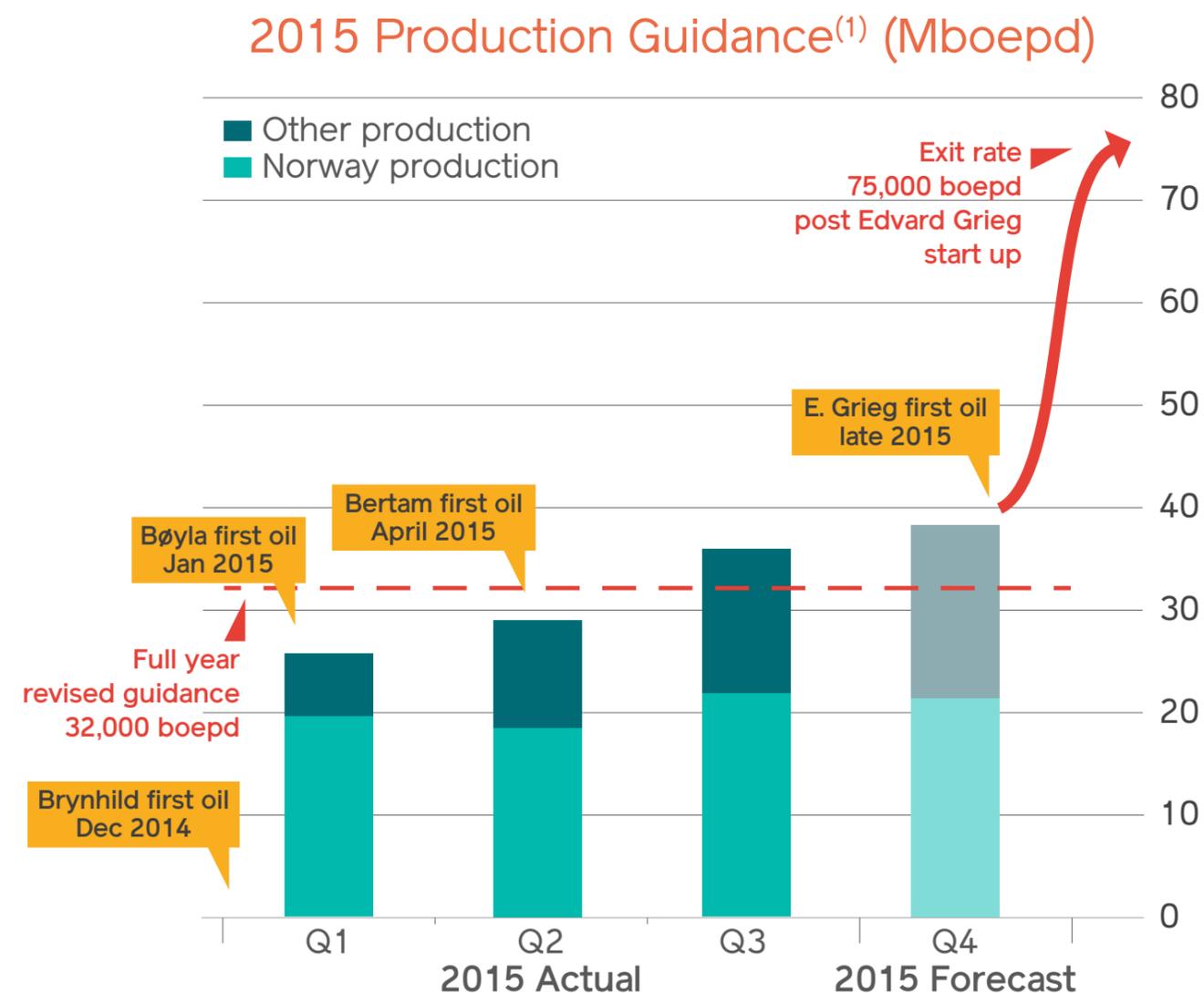
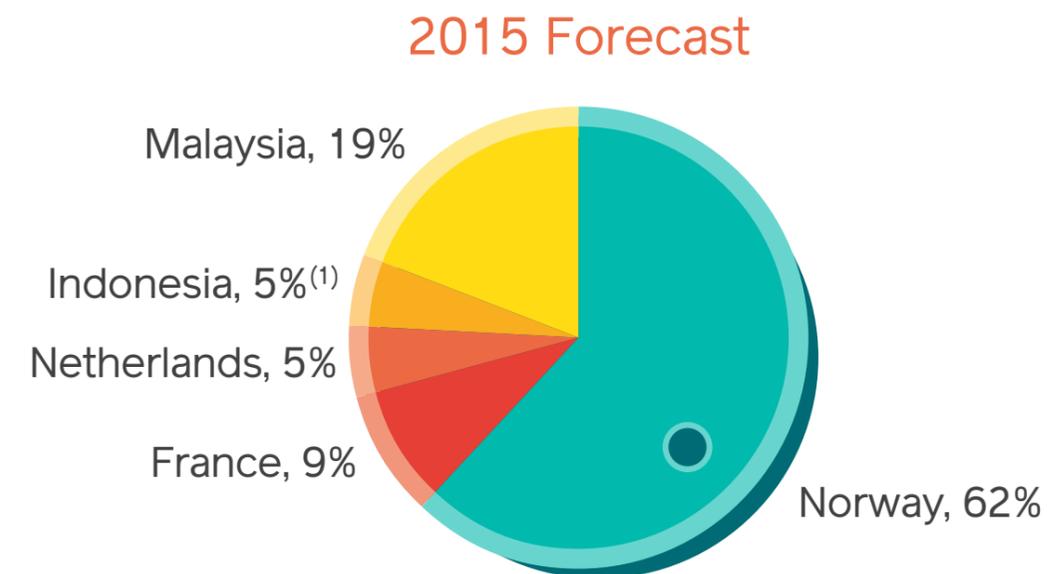
- Edvard Grieg: Appraisal of south east back basin successful – reserves increase expected
- Alta: Two successful appraisal wells, pressure communication established with the discovery well
- Bertam: Bertam-3 proved extension of the field – development well 1H 2016

### Exploration

- Luno II North oil discovery
- Q4 2015/2016 drilling: 10 exploration wells to be drilled targeting net unrisks resources ~510 MMboe

# Lundin Petroleum Production

- Q3 2015 production: 36,000 boepd vs guidance 34,900 boepd
  - Brynhild uptime outperformance
  
- 2015 production guidance: 32,000 boepd (unchanged from Q2 guidance)
  - Q4 2015 guidance ~38,000 boepd
  - Bertam and Bøyla on peak production
  - Brynhild uptime assumed ~60%
  - Exit rate for 2015 retained at 75,000 boepd after Edvard Grieg start up



<sup>(1)</sup> Includes Indonesia divested assets

# Norway - Greater Alvheim Area

## First Nine Months Net Production: 15,400 boepd

	Production 2015		Cost of operations 2015 <sup>(1)</sup>
	9 months	Q3	9 months
Alvheim	8,100 boepd	8,200 boepd	< USD 5.0 / boe
Volund	5,200 boepd	4,800 boepd	< USD 4.0 / boe
Bøyla	2,100 boepd	2,400 boepd	< USD 4.0 / boe

### ➔ Alvheim

- ➔ 1 new well commenced production in April
- ➔ 1 worked-over well commenced production in May
- ➔ 1 further well completed and expected to start-up in late 2015
- ➔ Further infill drilling ongoing with production expected to commence mid-2016

### ➔ Volund

- ➔ At least one further infill well planned

### ➔ Bøyla

- ➔ Water injection commenced in March
- ➔ Second producer commenced production in August 2015
- ➔ Peak rate achieved

### ➔ Viper/Kobra

- ➔ To commence development drilling in 2016, first oil late 2016

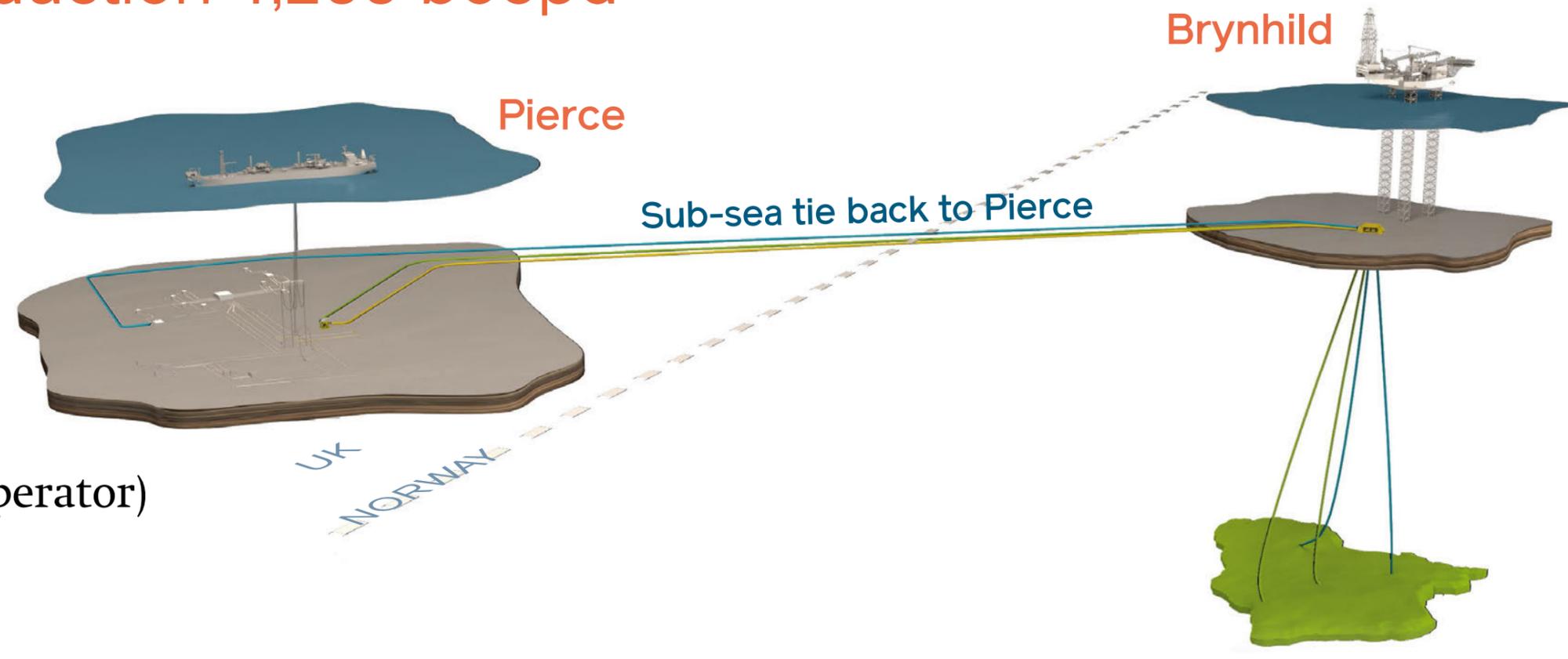


	WI	2P reserves (MMboe net) <sup>(2)</sup>
Alvheim	15%	19.1
Volund	35%	8.2
Bøyla	15%	3.4

<sup>(1)</sup> Excluding projects <sup>(2)</sup> Year end 2014

# Norway - Brynhild Field

First Nine Months Net Production 4,200 boepd



- ➔ Lundin Petroleum interest 90% (operator)
  - ➔ Repsol 10%
- ➔ Subsea tie-back to Pierce field, UK
- ➔ Poor facilities uptime and water handling constraints has led to lower production levels than forecast
- ➔ Assumed approximately 60% average uptime for 2H 2015 production guidance
- ➔ Achieved uptime of ~80% for Q3 2015
- ➔ 2 wells initially on production, and 3rd producer commenced production in August 2015
- ➔ Water injection expected to commence during Q4 2015
- ➔ Pressure data indicates that production wells may be connected to lower volumes

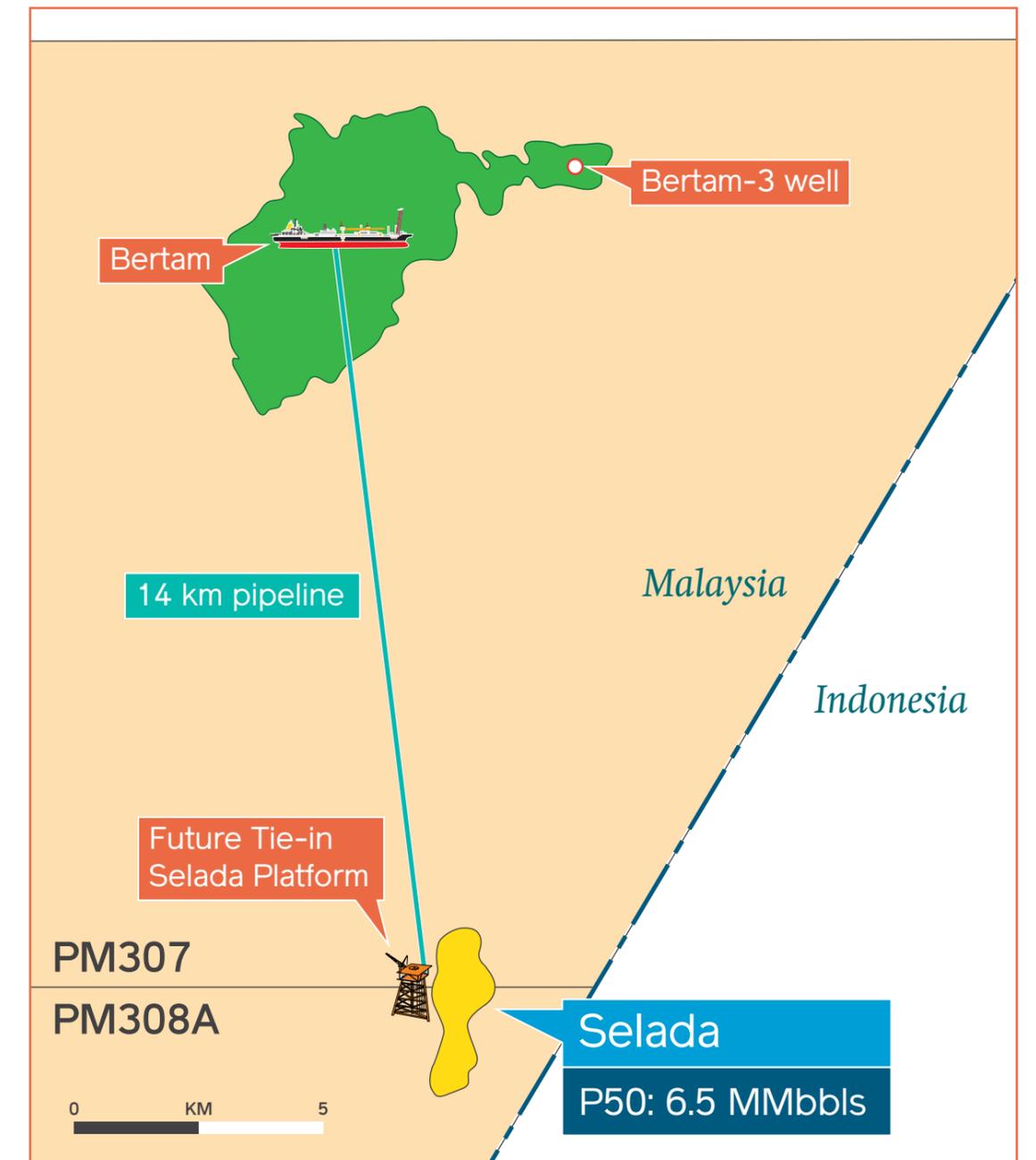
# Peninsular Malaysia - Bertam Field

## First Nine Months Net Production: 4,200 boepd

- PM307 - Lundin Petroleum 75% (operator), Petronas Carigali 25%
- Production commenced in April 2015 from 4 wells
- 11 wells now on production
  - ➔ Peak production rate 14,000 bopd
- Bertam-3 appraisal completed successfully
  - ➔ Development well to be drilled early 2016
- Commenced drilling Selada exploration well 14 km south of Bertam
  - ➔ Potential tie-back to Bertam



### Tie-back to Bertam Facilities



### Bertam Field Facilities



PM307 & PM308 A	WI
Lundin Petroleum	75%
Petronas Carigali	25%

# Norway – Utsira High Development Projects

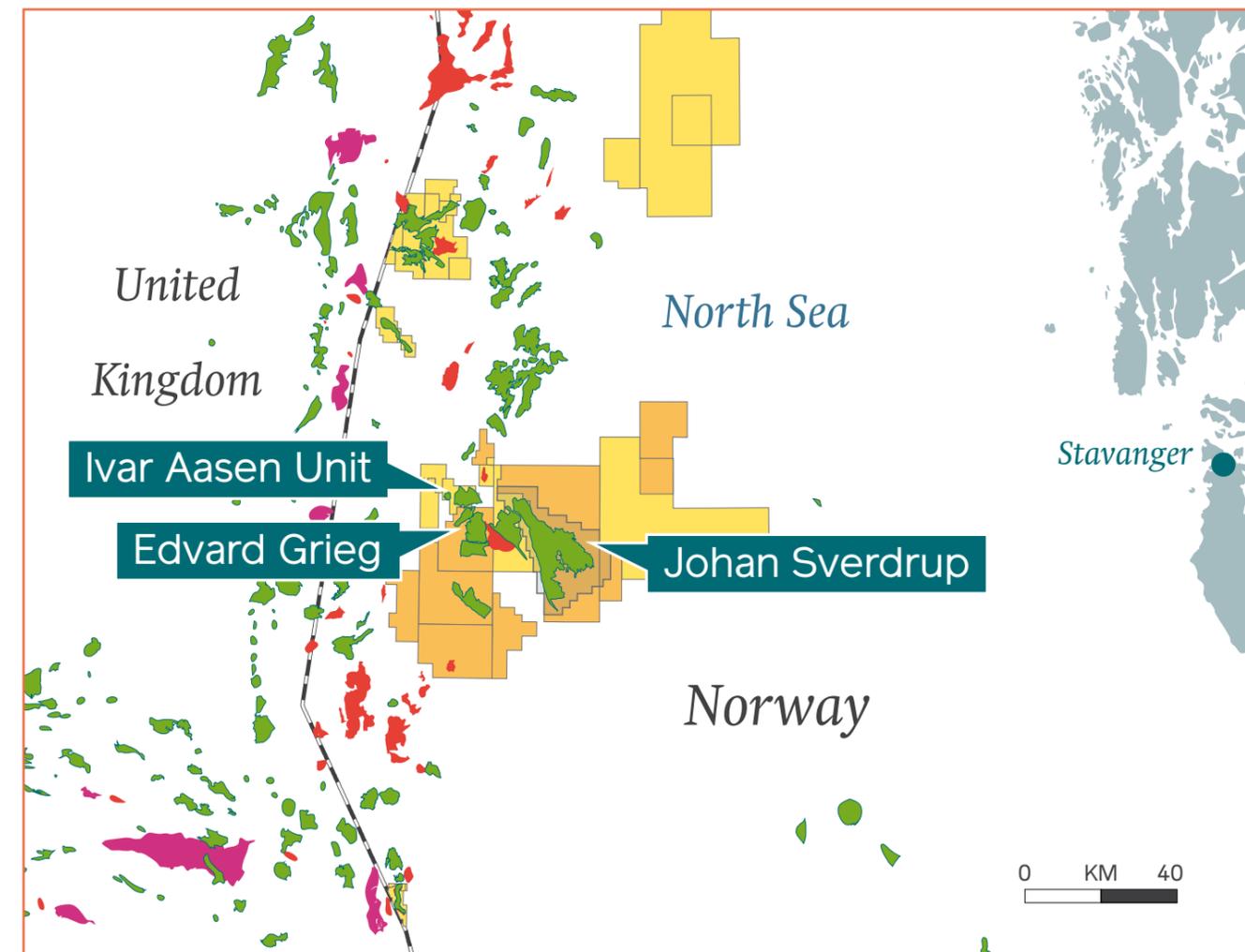
## ➤ Ongoing Norwegian developments

- ➔ Edvard Grieg (Lundin 50% operator)
- ➔ Ivar Aasen Unit (Lundin 1.385%)
- ➔ Johan Sverdrup (Lundin 22.60%)

2015 Budget: MUS\$ 1,280



## Norway – developments

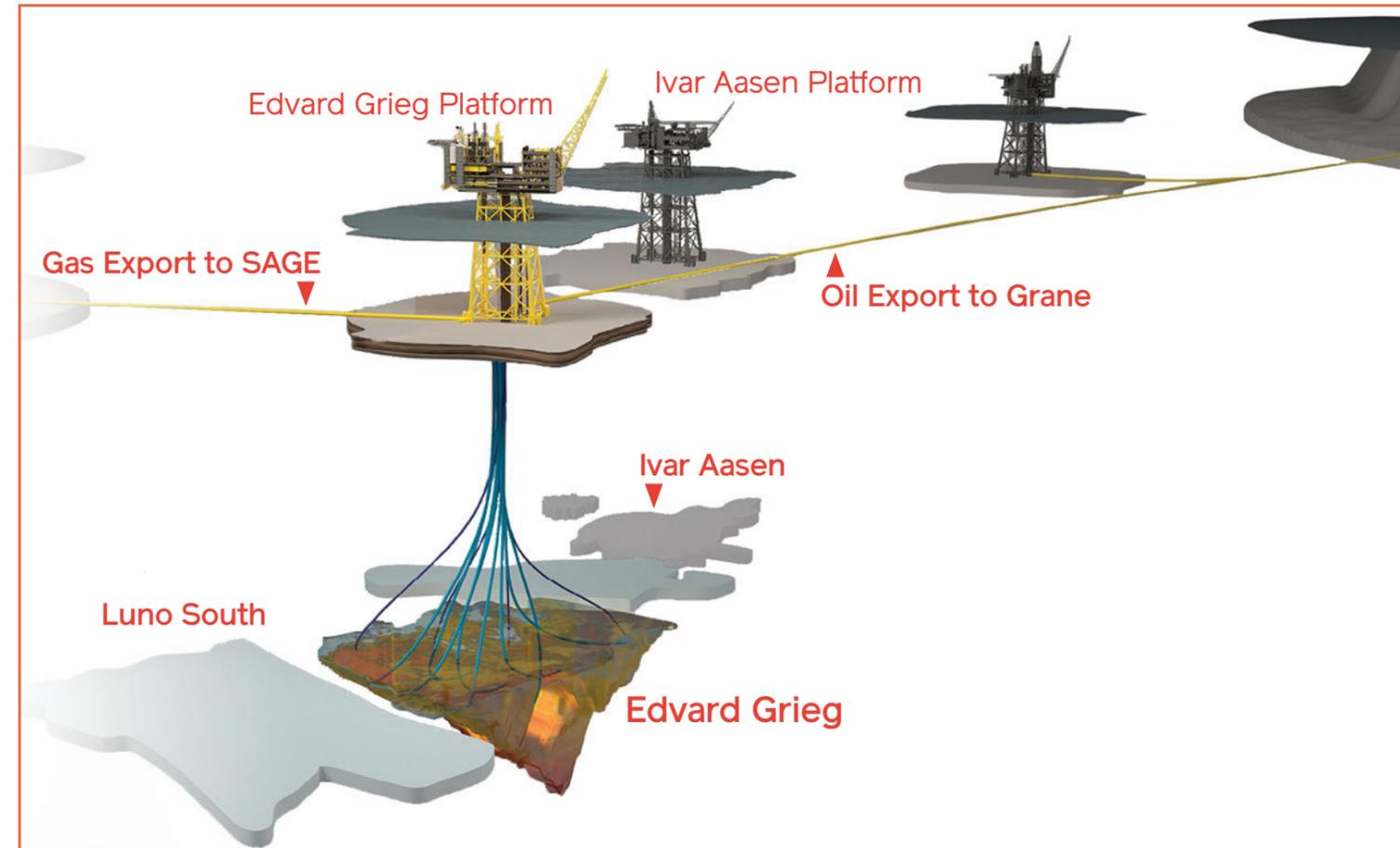


# Lundin Norway

## Edvard Grieg Development

- ➔ Lundin Petroleum interest: 50% (operator)
  - ➔ OMV 20%, Wintershall 15%, Statoil 15%
- ➔ 2P reserves: 187 MMboe gross
- ➔ Plateau production: 100,000 boepd gross
- ➔ Production startup late 2015
- ➔ Capital costs: 25 NOK billion
- ➔ Drilling 15 wells from jack-up rig – commenced drilling operation
  - ➔ 2 production wells successfully completed, pilot on 3<sup>rd</sup> producer completed
- ➔ Platform installation completed, commissioning ongoing: ~80% completed
- ➔ Oil and gas pipelines installation completed
- ➔ One appraisal well in south east of the field successfully drilled - reserves upgrade expected

Edvard Grieg Schematic



### Remaining Workslope

- ➔ Offshore hook-up and commissioning
- ➔ Development well drilling

# Development Projects

## Edvard Grieg Work Status

Installation completed by Thialf crane barge



Safe Boreas flotel

Edvard Grieg platform

Rowan Viking drilling rig

# Development Projects

## Edvard Grieg Work Status

Edvard Grieg bridge linked to Safe Boreas flotel



- ➔ Edvard Grieg offshore commissioning underway
  - ➔ Safe Boreas flotel bridge-linked to the platform
  - ➔ Approximately 600 people offshore involved in operations
  - ➔ Hook-up and commissioning is progressing to schedule
  - ➔ 80% complete
  - ➔ Consent from Petroleum Safety Authority to start production
- ➔ Drilling of 3<sup>rd</sup> producer to commence in Nov 2015
- ➔ First oil late 2015

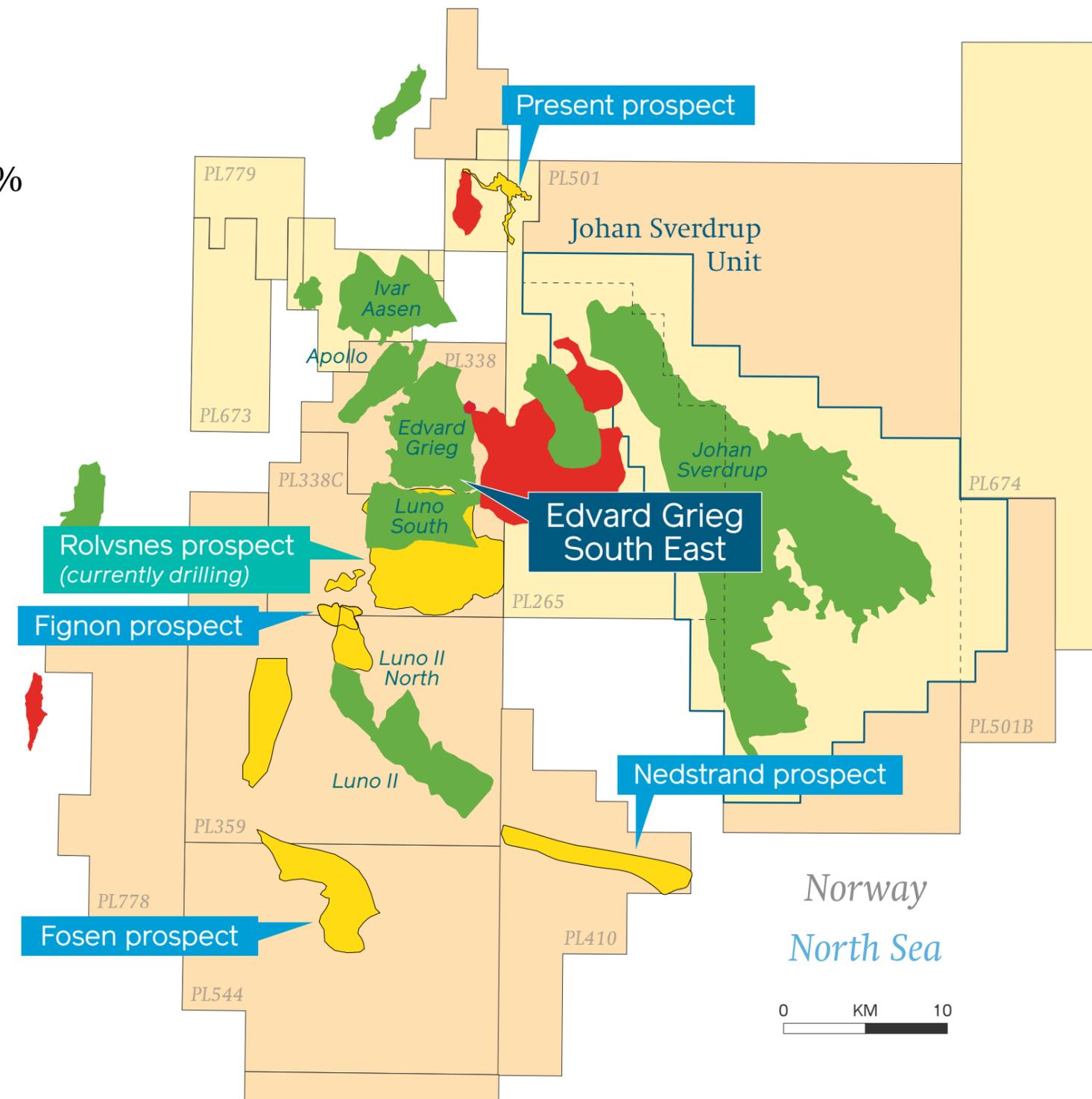
# Lundin Norway

## Edvard Grieg Area Upside Potential

- Full partner aligned between PL338 and PL359
  - ➔ Lundin Petroleum 50%, OMV 20%, Statoil 15%, Wintershall 15%
- Luno II North discovery
  - ➔ Potential tie-back to Edvard Grieg
  - ➔ Tested 1,000 bopd
- Material upside potential in the Edvard Grieg Area where Lundin Petroleum has a dominant licence position
- Incremental barrels over the Edvard Grieg platform will have high value due to reduced capital investment requirement and low operating costs
- Q4 2015 & 2016 exploration drilling
  - ➔ Rolvsnes PL338C (50%) – currently drilling
  - ➔ Fosen PL544 (40%)
  - ➔ Present PL265/PL167 (10%/20%)

### ➤ Incremental resources in Edvard Grieg Area

Gross resources	Low (MMboe)	High (MMboe)
Luno II discovery	27	71
Luno II North discovery	12	26
Edvard Grieg South East	TBC	TBC



# Norway

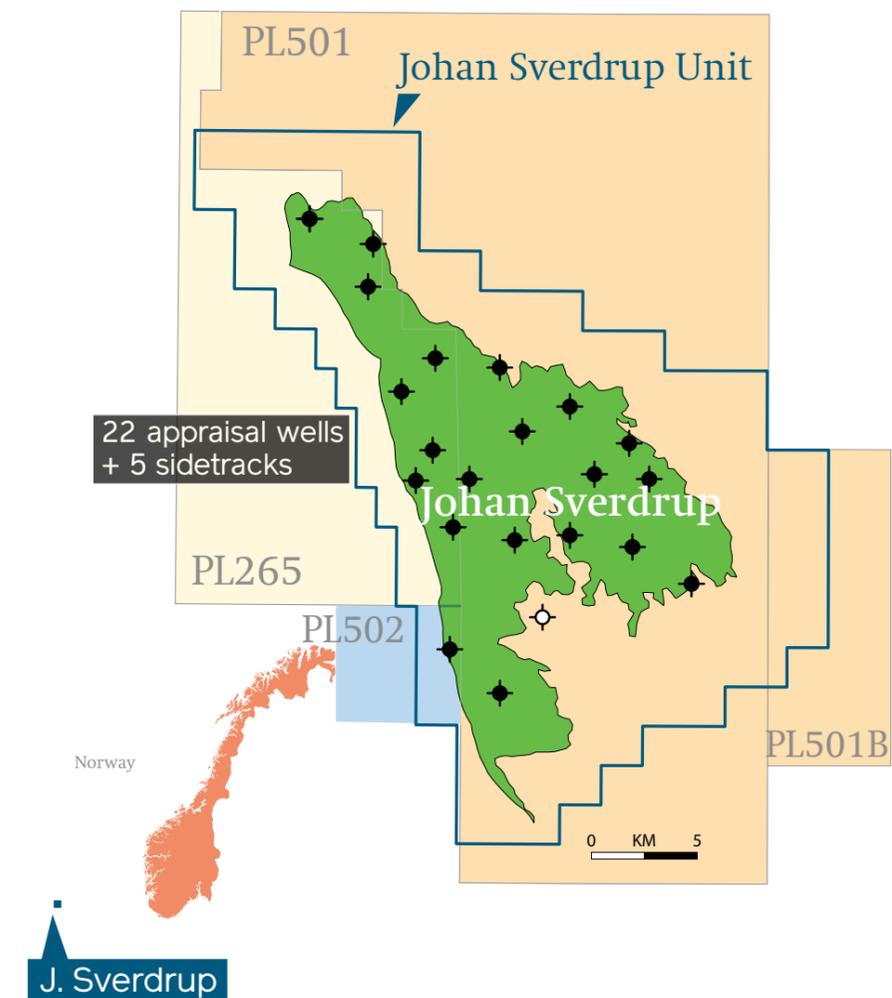
## Johan Sverdrup Development

- ➔ Phase 1 PDO approved in August 2015
- ➔ The Minister determined final Tract Participation agreement in July 2015 – Lundin Petroleum increased equity to 22.6%
- ➔ Booked certified 2P reserves of 515 MMboe

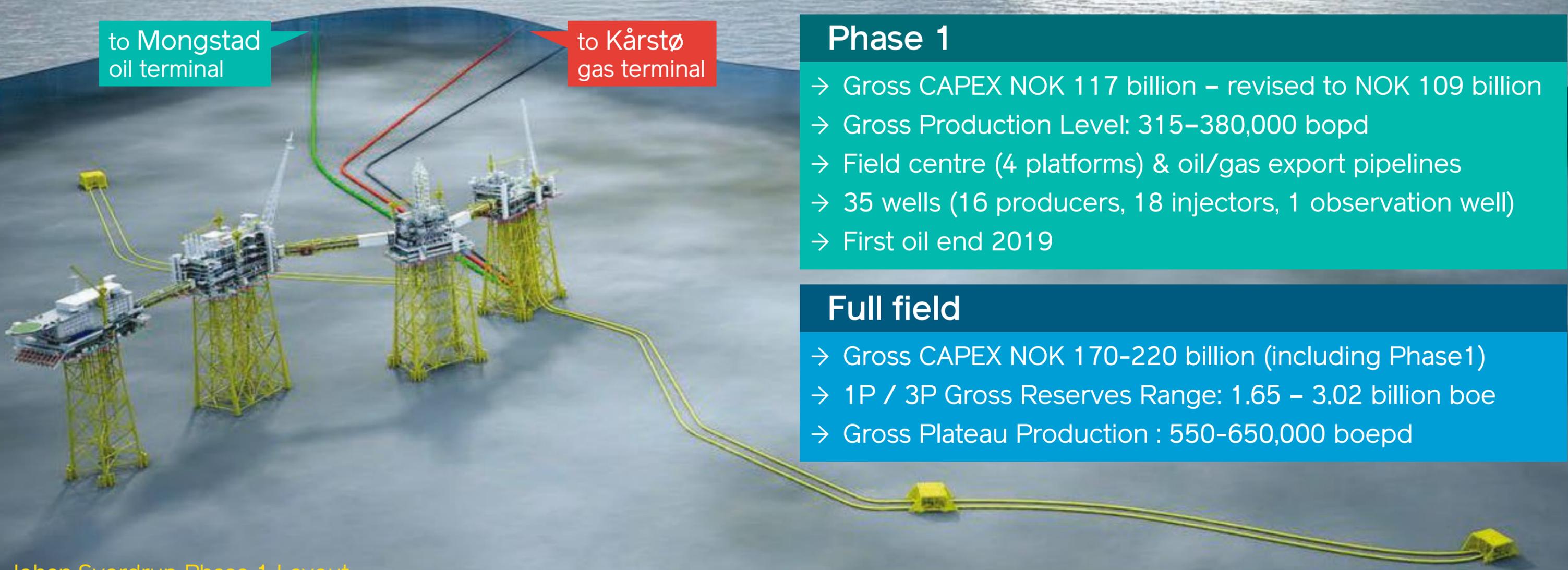
Working Interest	Johan Sverdrup Unit
Lundin Norway	22.6000%
Statoil	40.0267%
Maersk	8.4400%
Det norske	11.5733%
Petoro	17.3600%



### Field Outline



# Norway – Utsira High Johan Sverdrup Development



### Phase 1

- Gross CAPEX NOK 117 billion – revised to NOK 109 billion
- Gross Production Level: 315–380,000 bopd
- Field centre (4 platforms) & oil/gas export pipelines
- 35 wells (16 producers, 18 injectors, 1 observation well)
- First oil end 2019

### Full field

- Gross CAPEX NOK 170-220 billion (including Phase 1)
- 1P / 3P Gross Reserves Range: 1.65 – 3.02 billion boe
- Gross Plateau Production : 550-650,000 boepd

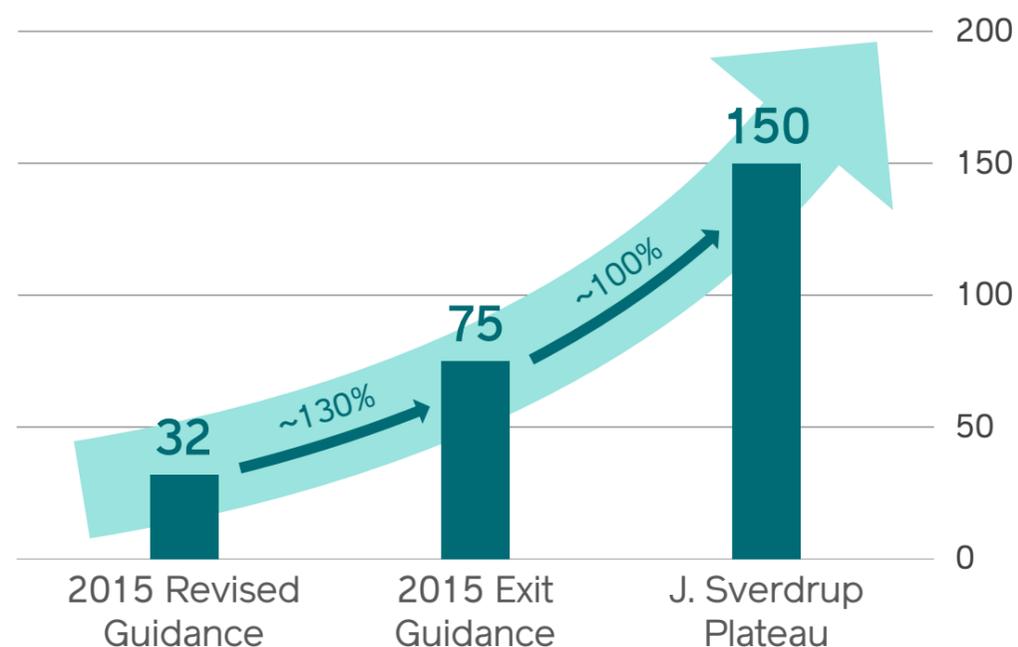
Johan Sverdrup Phase 1 Layout

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# Production and Cash Flow Generation

## Step-Change

Production Guidance (Mboepd)



production growth

**Operating Cash Flow to increase significantly**

opex reducing

low cash taxes

Production Costs<sup>(1)</sup> (USD/boe)

2012	10.06
2013	11.53
2014	13.39 <sup>(2)</sup>
2015 Guidance	12.00

< 10 USD/boe when Edvard Grieg on plateau production

Capital Investment (MUSD)<sup>(3)</sup>

2012	414
2013	1,128
2014	1,231
Budget 2015	1,280

~ USD 4 billion in Capex invested  
→ Significant tax shelter

<sup>(1)</sup> Excludes divested assets and inventory movement

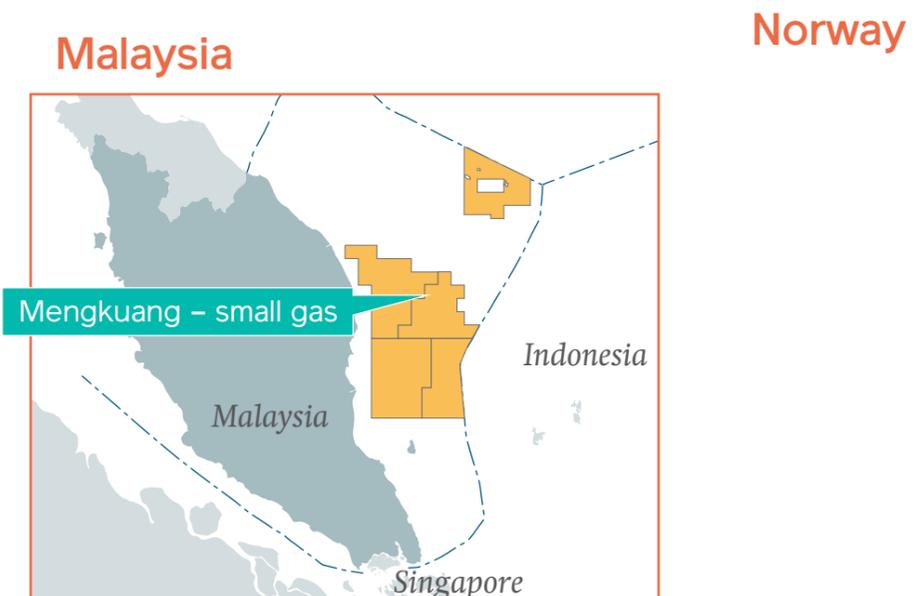
<sup>(2)</sup> Excludes MTM asset recognised in relation to Brynhild opex share

<sup>(3)</sup> Excludes exploration & appraisal

# 2015 Exploration & Appraisal

## 2015 activity completed to date

Drilled wells 2015	Exploration	Appraisal
Discovery	1	3
Discovery, non-commercial	3	
Dry	2	
<b>Total</b>	<b>6</b>	<b>3</b>



# 4Q 2015 & 2016

## Exploration & Appraisal Drilling

- ➔ Maintaining geographical focus:
  - ➔ Utsira High Area – exploration drilling
  - ➔ Loppa High Area – appraisal & exploration drilling
  - ➔ Sabah Area – exploration drilling

### Norway

- ➔ 7 exploration wells to be drilled in Q4 2015 & 2016
  - ➔ Targeting ~420<sup>(1)</sup> MMboe net unrisked prospective resources
- ➔ 2 Appraisal wells to be drilled on Alta in 2016

### Malaysia

- ➔ 3 Exploration wells to be drilled in Q4 2015 & 2016
  - ➔ Targeting ~95 MMboe net unrisked prospective resources

⇒ Net Targeted Resources: 510<sup>(1)</sup> MMboe

<sup>(1)</sup> Excludes one well in Southern Barents Sea



# Norway

## Southern Barents Sea

Southern Barents Sea  
Underexplored ~ 100 wells



5 recent oil discoveries  
+ 2 gas discoveries

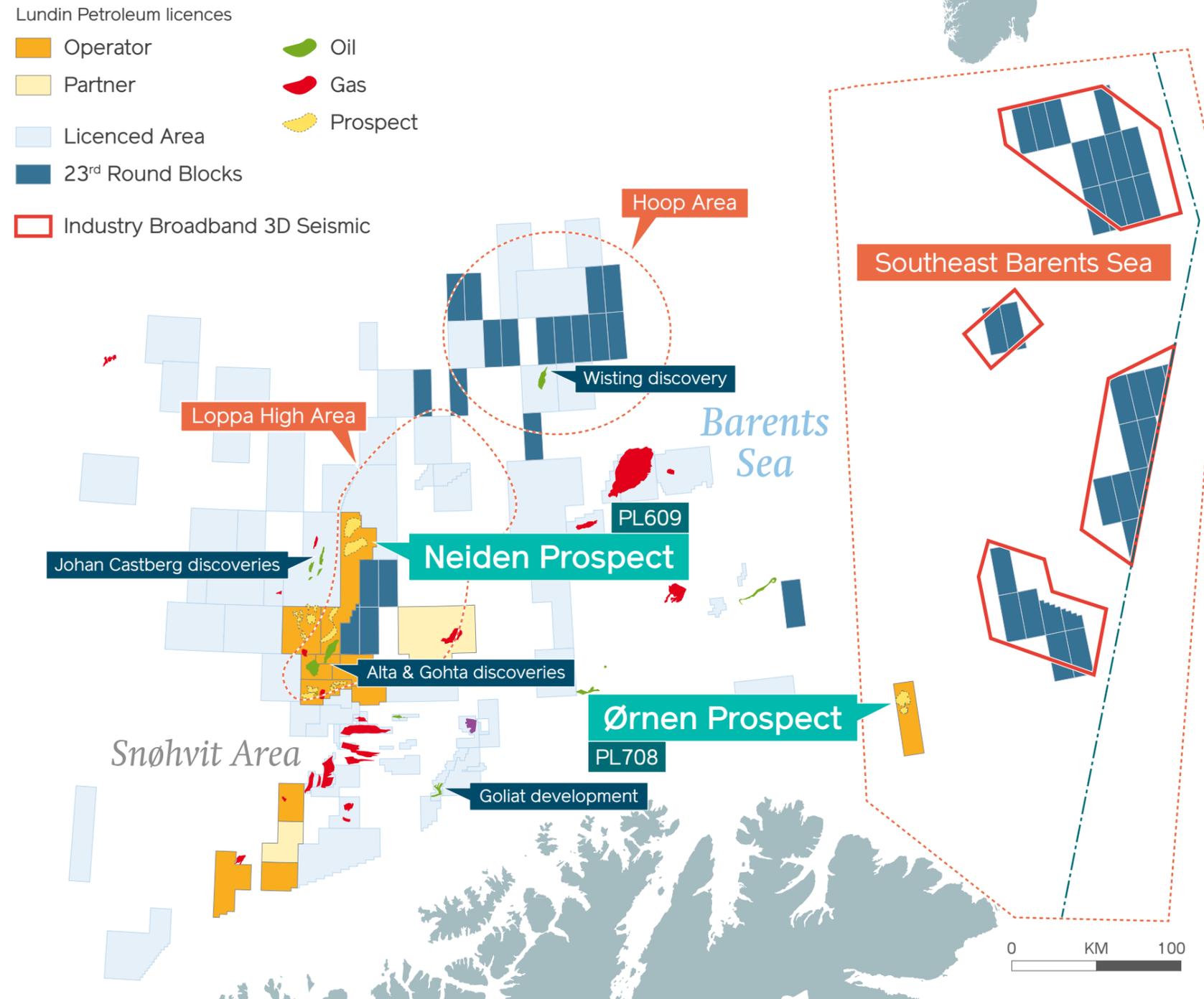


Lundin Petroleum  
is a major licence holder  
in the Loppa High area



23rd licensing round  
– applications Dec 2015

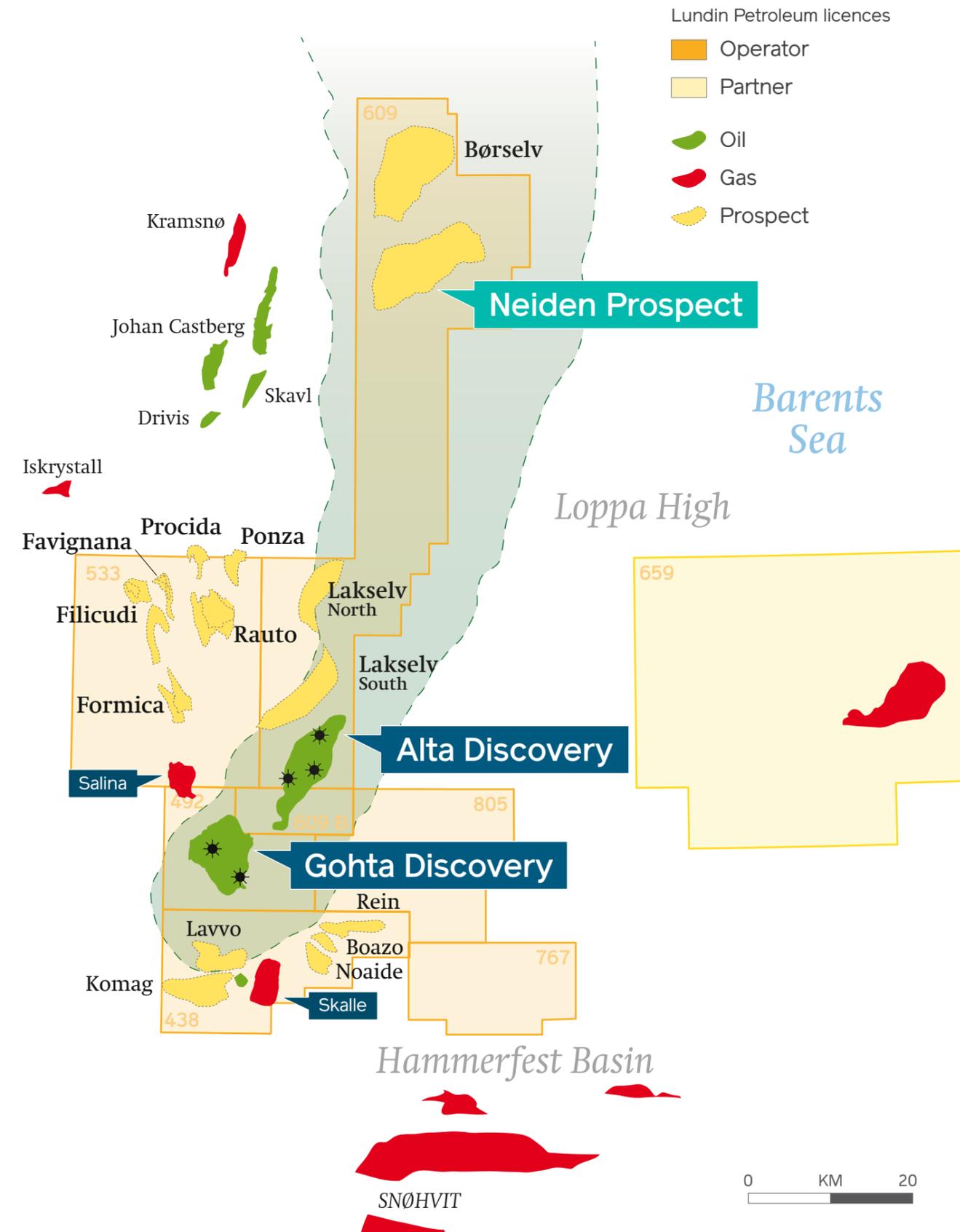
~ 1 billion boe  
discovered over  
last 4 years



# Norway – Southern Barents Sea

## Loppa High Exploration & Appraisal

- ➔ Gohta/Alta discoveries opens up the area for significant new discoveries
- ➔ Alta appraisal programme to continue into 2016
- ➔ Multiple prospects identified
- ➔ Neiden prospect currently drilling
- ➔ At least one further exploration well to be drilled in 2016



# Norway – Southern Barents Sea

## Loppa High Existing Discoveries

Alta total resources:  
125 – 400 MMboe

### Alta Discovery: 125 – 400 MMboe <sup>(1)</sup>

#### ➤ PL609 (Lundin 40% operated)

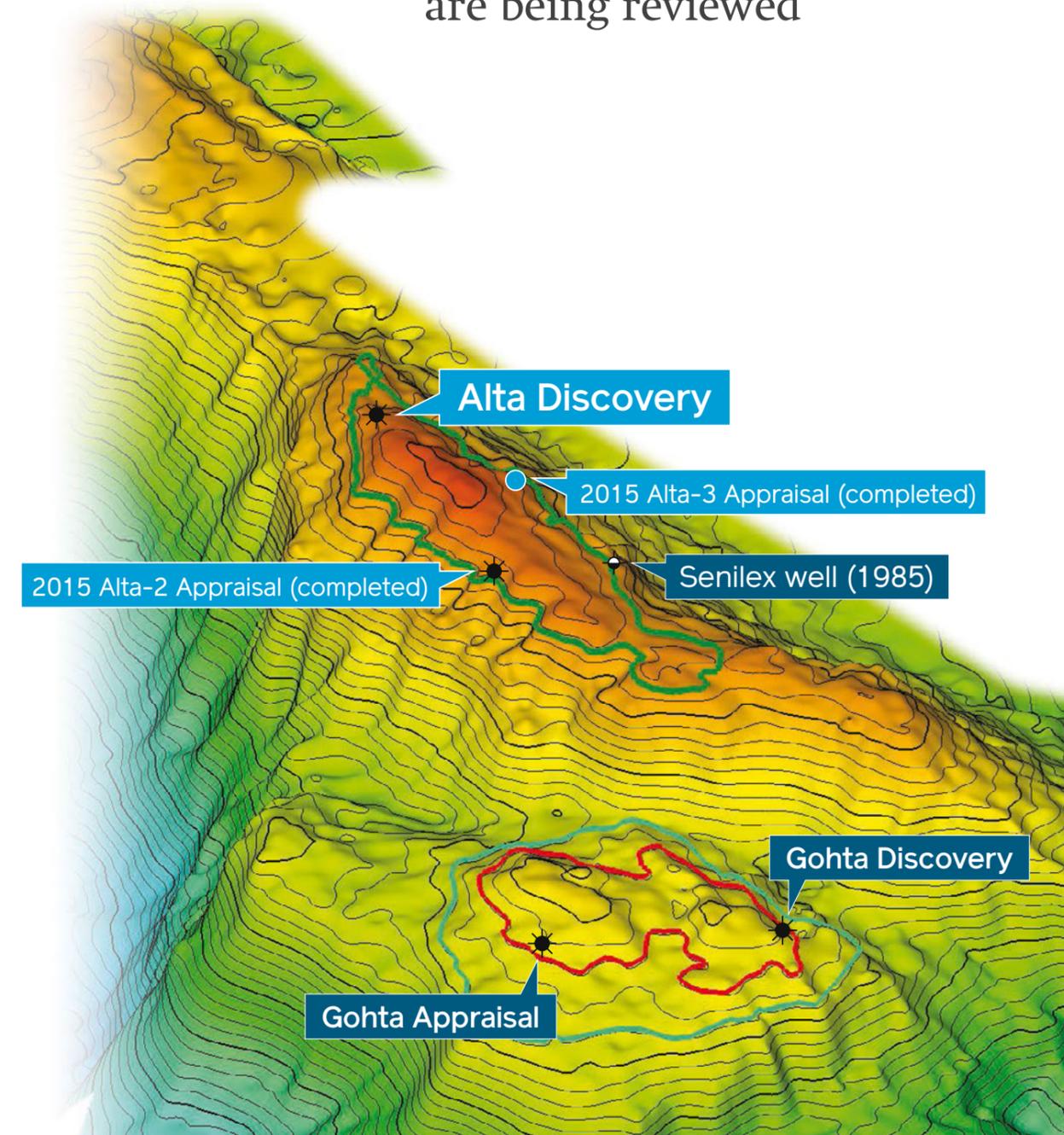
- ➔ Discovery well (2014): 57m gross HC column – tested 3,300 bopd
- ➔ First appraisal Alta -2 (2015): Tested 860 bopd oil & 650 mcf/d gas
- ➔ Second appraisal Alta -3 (2015): 120m gross HC column, no test due to time constraints
- ➔ Two further appraisal wells in 2016 plus re-enter Alta-3 to test

### Gohta Discovery: 91 – 184 MMboe <sup>(1)</sup>

#### ➤ PL492 (Lundin 40% operated)

- ➔ Discovery well (2013): 100m gross HC column – tested 4,300 bopd
- ➔ Appraisal Gohta-1 (2014): Tested 860 bopd condensate
- ➔ One further appraisal under review

➔ Development options are being reviewed

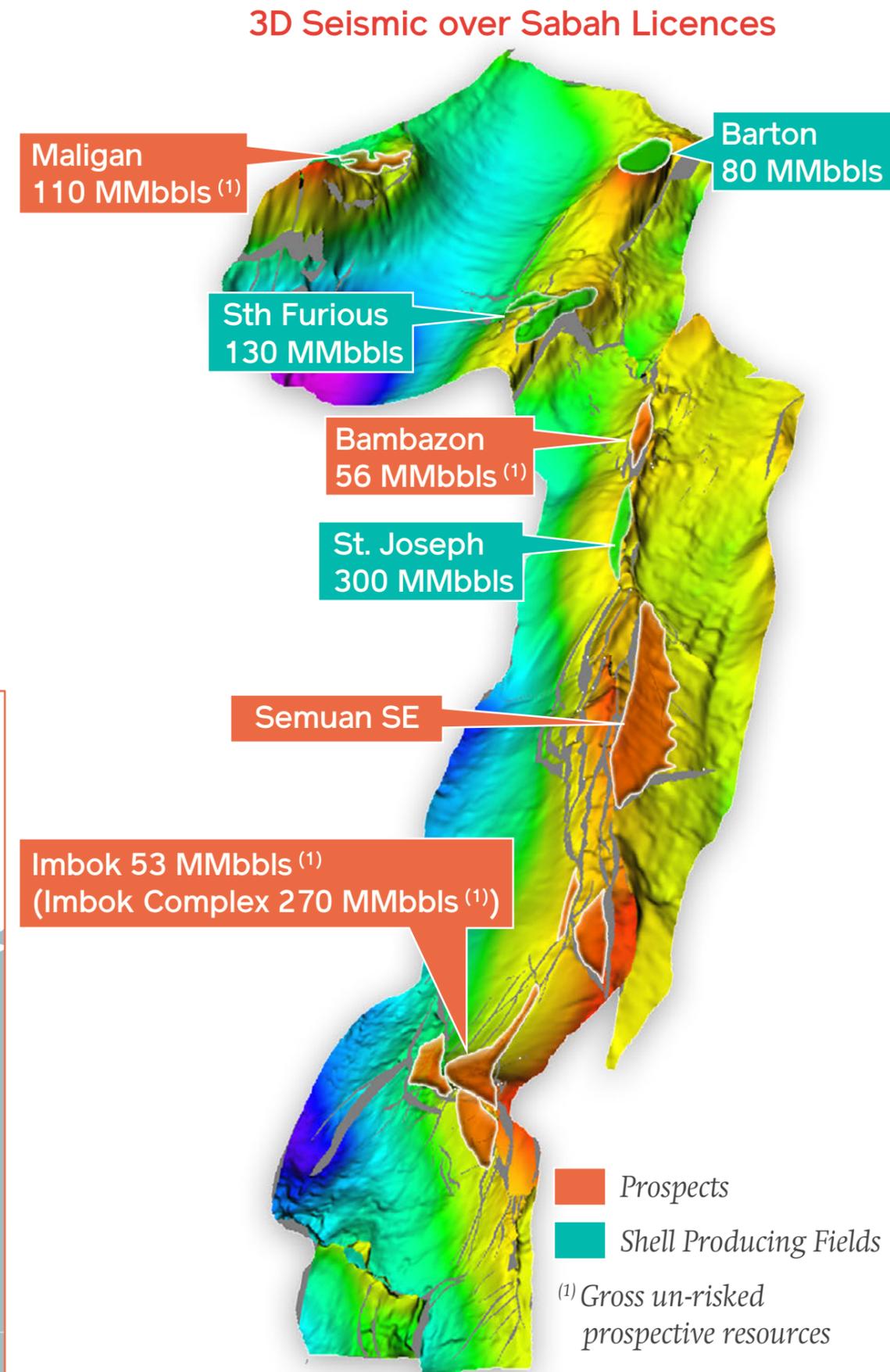


<sup>(1)</sup> Gross contingent resources

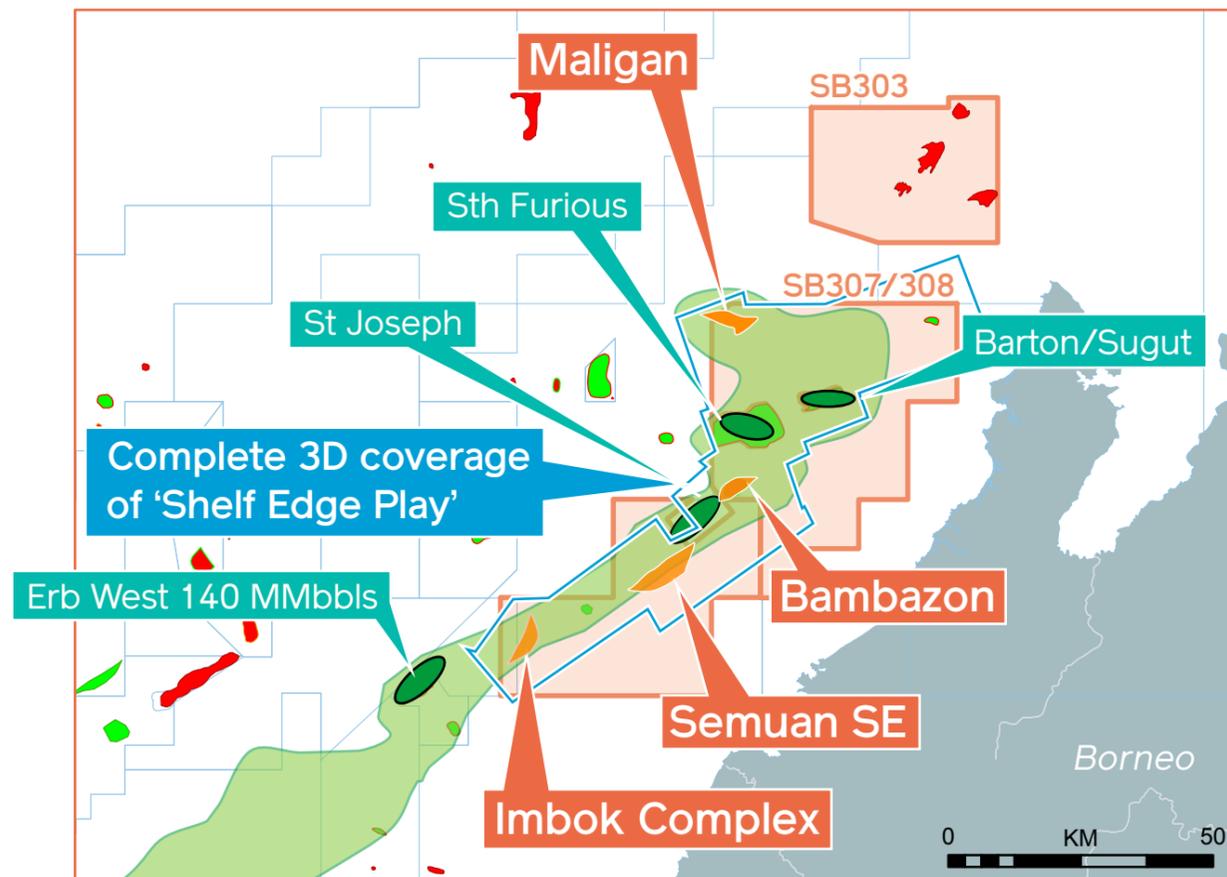
# Malaysia

## Sabah Area Exploration

- Area under-explored - no drilling since Shell oil discoveries in 1980's > 2 billion bbls discovered on trend
- Complete 3D seismic coverage of "Shelf Edge Play" unlocks material prospectivity
- Prospects on-trend with existing discoveries/fields



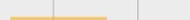
### Sabah Licences Location Map



Licences	Lundin Petroleum Working Interest
SB303	75%
SB307/308	85%



# 2015/2016 Exploration & Appraisal Drilling Schedule

Country	Licence - Prospect	Well type	Operator	LUPE WI %	NUPR <sup>(1)</sup>	CoGS <sup>(2)</sup>	NRPR <sup>(3)</sup>	2015		2016	
								Q4	Q1	Q4	Q1
1 Norway	PL338C - Rolvsnes	exp	Lundin	50.00	54	35%	19		Ongoing		
2 Norway	PL609 - Neiden	exp	Lundin	40.00	82	30%	25		Ongoing		
3 Norway	PL700 - Lorry	exp	Lundin	40.00	61	22%	13				
4 Norway	PL708 - Ørnen	exp	Lundin	40.00	142	20%	28				
5 Norway	PL544 - Fosen	exp	Lundin	40.00	77	22%	17				
6 Malaysia	PM307 - Mengkuang	exp	Lundin	75.00	—	—	—		Small discovery		
7 Malaysia	PM308A - Selada	exp	Lundin	75.00	5	55%	3				
8 Malaysia	SB307/308 - Bambazon	exp	Lundin	85.00	48	36%	17				
9 Malaysia	SB307/308 - Imbok	exp	Lundin	85.00	45	27%	12				

Netherlands exploration wells not included

<sup>(1)</sup> Net Unrisked Prospective Resources (MMboe)

<sup>(2)</sup> Chance of Geological Success

<sup>(3)</sup> Net Risked Prospective Resources (MMboe)

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